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Macroeconomic policy questions: international financial system and development

Venezuela:* draft resolution

International financial system and development

The General Assembly,

Reaffirming its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and the promotion of economic and social equity",

Recalling the United Nations Millennium Declaration, adopted by the Heads of State and Government on 8 September 2000,[1]

Recalling also General Assembly resolution 56/210 B of 9 July 2002, in which the Assembly endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] which was adopted by the Conference on 22 March 2002,

Emphasizing that the international financial system should support development and allow for the mobilization, in a coherent manner, of all sources of international financing for development, including private capital flows, market access for goods and services from developing countries, official development assistance and external debt relief,

Expressing concern at the fact that developing countries have made net outward transfers of financial resources over the last five years and underlining the need for measures at the national and international levels to reverse this trend,

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* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

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Taking note of the report of the Secretary-General entitled "International financial system and development",[3]

1. *Expresses deep concern* over the difficulties of the present world economic situation and stresses the importance of confronting it through strong cooperative efforts by all countries and institutions, improving global economic governance and strengthening the United Nations leadership role;

2. *Invites* developed countries, in particular those that have significant influence in the world economy, to take into account, in the formulation of their macroeconomic policies, their impact on global economic growth and development;

3. *Underlines* the importance of promoting financial stability and emphasizes the need for policies and rules that mitigate the impact of financial volatility and improve transparency and information about financial flows;

4. *Emphasizes* the need to strengthen ongoing efforts to reform existing international financial architecture, to foster a transparent, equitable and inclusive system that is able to provide for the effective participation of developing countries in the international economic decision-making processes and institutions, as well as for their effective and equitable participation in the formulation of financial standards and codes;

5. *Takes note* of the decisions taken by the Development Committee (the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries, as contained in the attachment (on the International Conference on Financing for Development) to the communiqué of the Committee issued at its sixty-fourth meeting, held on 18 November 2001, in particular the decision contained in paragraph 9 of the attachment to identify pragmatic and innovative ways to further enhance participation of developing countries in international decision-making and norm-setting, and encourages all relevant international financial institutions to take concrete measures towards this end;

6. *Invites* the International Monetary Fund to continue its work on the allocation of quotas and the establishment of a total amount of quotas that reflect the present economic realities and emphasizes that the review of the formulas used to calculate members' quotas should eliminate the existing bias that results in an underestimation of the size of developing-country economies;

7. *Calls* for the creation of an enabling international economic environment and the adoption of effective measures, including new financial mechanisms, in order to support developing countries' efforts to achieve sustained economic growth, sustainable development and the strengthening of their democratic systems, while reaffirming the leading role of national Governments in the developing process of each country;

8. *Emphasizes* that the international financial institutions, in supporting national programmes, should be sensitive to social circumstances and implementing capacities, concentrate on macroeconomic policies critical to the objectives of the programme, take into account the need for economic growth and development, and strengthen national ownership of the programme;

[3] A/57/151.

9. *Calls upon* the multilateral, regional and subregional development institutions to reinforce financial and technical support to developing countries in order to mitigate the lack of access to private capital and the sharp reduction of international financial flows, as well as to contribute to their efforts of increasing economic growth and reducing poverty;

10. *Stresses* the need for actions to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences, and, in this regard, takes note of paragraph 3 of the communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, issued on 28 September 2002;

11. *Recognizes* the important role of international financial institutions in supporting all countries affected by financial crises and emphasizes that these institutions should be provided with adequate resources so that they can supply timely emergency financing;

12. *Stresses*, in the consideration of new debt resolution mechanisms, the importance of a broad discussion with the participation of all interested actors, invites the international financial institutions to take into account social aspects and the borrowing costs for developing countries, and reiterates that the adoption of such mechanisms should not preclude emergency financing in times of crises;

13. *Underlines* the need to explore ways of generating new public and private innovative sources of finance for development purposes, provided that those sources do not unduly burden developing countries, and takes note of the proposal of using special drawing rights allocations for development purposes, set forth in paragraph 44 of the Monterrey Consensus of the International Conference on Financing for Development;

14. *Requests* the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution under the sub-item entitled "International financial system and development".